6   System and Operations Requirements

6.1   Introduction

This section describes the equipment, software functionality, telecommunications, card specifications, training, customer service and ongoing operational support required to develop, implement and operate an EBT system in conformance with federal regulations, applicable national standards, and State-specific requirements and performance expectations. The response to this section will facilitate the evaluation of the Bidder's ability to meet the State's specification for a statewide EBT system.

The proposed EBT system shall meet the requirements of applicable Federal and State laws and regulations as well as the Quest Operating Rules. In the event that there are contradictions in these requirements, the order of precedence shall be (1) Federal law and regulations, (2) State law and regulations, (3) the Quest Operating Rules. The Federal EBT requirements shall be considered minimum standards. If specified in this ITP, the Contractor may be required to exceed federal requirements to meet State or Quest requirements. Unless expressly noted as an exception herein, Quest Operating Rules will apply to all applicable aspects of EBT system development and operation. The State may seek variances from portions of the Quest Operating Rules if deemed necessary by the State. As federal and State regulations, and/or the Quest Operating Rules are changed from time to time, the EBT system must meet the new requirements.

All requirements contained in this section are mandatory. It is necessary that each paragraph be acknowledged and agreed to. Bidders must state compliance to each numbered paragraph, or numbered section by completing the legend found at the end of each section. Bidders must remove or photocopy Section 6, System and Operations Requirements from the ITP and insert it into the response to Volume I, Part 3 with appropriate responses.

The Bidder shall present a functional design describing the services it is offering to perform, its capabilities, and qualifications. The Proposal shall clearly address all requirements as discussed in Section 6, and shall clearly explain <u>how</u> the requirements shall be met, and not merely restate the requirements. The Bidder shall respond to all the components of the services, whether or not the specific component is stated as a requirement.

For any requirement with a legend line for Reference Document and Description, a descriptive narrative and/or reference material is required. Description information must be addressed separately for any requirement that suggests such, in the order in which they are presented in the ITP, Section 6. Description information must reference the exact location where the requirement is found in the ITP.

The following primary requirements as outlined in Section 6 must be addressed in the Proposal.
- Central Processing Unit and Automated Response Unit
- Interface Requirements
- Account Set-up and Benefit Authorization
- Recipient Account Maintenance

- Transaction Processing
- Card Specifications
- Card Issuance and PIN Selection
- Training
- Acquirer Participation
- Customer Service
- Settlement and Reconciliation
- Reporting
- Program Integrity
- System Security
- Independent Audit and Certification
- System Availability and Backup
- Year 2000 Compliance

6.2 Central Processing Unit (CPU) and Automated Response Unit (ARU)

The EBT system, including ARU and Customer Service Center (CSC), must have the capacity to store authorization information and process transactions for recipient caseloads and authorized retailers throughout the life of the Contract. The system must accommodate future system enhancements, new technology, and third party processors, Federal, State, and county interfaces.

The transaction processing platform is defined to include all processing components provided by the Contractor that are required for the successful end-to-end acquiring, switching, processing, and settlement of EBT transactions, and are within the Contractor's reasonable span of control or influence. The specific components that may be included depends upon a Contractor's proposed solution and systems architecture. The Contractor is responsible for the availability, capacity, and performance of all system components within its reasonable control. This might include, but is not limited to,

- A central account database and transaction processor,
- Transaction gateway component,
- An acquiring switch component,
- Transaction settlement component,
- Call center / help desk component,
- Contractor provided communications equipment (routers, protocol converters, communications boxes, etc.),
- Contractor provided communications networks, and
- Back up processors and processing components

This definition specifically does not include components provided by third parties in support of arms length private sector contractual relationship for the provision of commercial and EBT transaction services to the extent such services are competitively available from multiple vendors and are not under the reasonable control or influence of the EBT contractor. Such relationship might include that between a retailer and a third party POS transaction acquirer or a commercial

ATM network and its member ATM owning institutions. These types of relationships are outside the reasonable control of the Contractor.

　　　Meets Requirement:　Yes _____　No _____

　　　Reference Document: _____Page(s) _____

　　　Description: _____

6.2.1　Central Processing Unit (CPU)

The Bidder's Proposal must describe, in detail, the CPU to be used to operate the system. This description should include specific information regarding the primary mainframe, related hardware, and all system components, as well as the proposed backup equipment. The Proposal must identify the prime and backup equipment locations (including hot-site, if any). The State reserves the right to inspect these locations upon Contract award.

　　　Meets Requirement:　Yes _____　No _____

　　　Reference Document: _____Page(s) _____

　　　Description: _____

6.2.2　Automated Response Unit (ARU)

The Bidder must describe in detail the primary and backup ARUs to be utilized for this system and disclose the physical locations of each. The State reserves the right to inspect these locations upon Contract award. For the ARU (for recipients and

retailers), assuming statewide rollout for the current caseloads, the Proposal also should include data on

- Number of lines available/concurrent call capacity
- Average/maximum response times for automated transactions
- Maximum number of menu options
- Average and maximum "wait" times for customer service attendants
- The average length of call by type
- The percentage of dropped calls
- Busy signal tracking
- Other relevant performance characteristics

The Bidder shall describe how it will track and report on calls experiencing a busy signal when incoming calls exceed the capacity of the system.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.3 Interface Requirements

6.3.1 County Interfaces
California eligibility systems are maintained and operated at the county level. The State is in the process of migrating the current (legacy) eligibility systems to consortium systems, collectively known as Statewide Automated Welfare System (SAWS). SAWS systems will be maintained and operated by the county consortia. This migration is in various stages for the four consortia in the state. Section 3, Current Environment, describes current eligibility systems and migration schedules.

The Contractor shall provide the telecommunications infrastructure and system interfaces necessary to accommodate the various eligibility systems that currently exist within the state. As counties migrate to their SAWS system, the Contractor shall support the transition to new county eligibility system interfaces for those counties.

Eligibility interface specifications are a part of the overall EBT design specifications as required in the ITP. The specifications must be completed early in the Design Phase in order to allow counties/consortia time to modify software to support the interface and test their interface work. The State has developed preliminary eligibility system interface specifications. (See Appendix J *EBT Eligibility System Interface Specifications*). This document describes the interface options that can be used to transfer information between the county eligibility systems and the Contractor's EBT system. Specifications are provided for batch interface files and for a host to host interface. The State believes that these interface options, in addition to information transfer afforded by the EBT Contractor's administrative terminal system, represent the most viable options for data transfer. During the system design phase, the Contractor will be

required to modify/update the interface specifications to accommodate the final system design and the Contractor's EBT system.

The Contractor shall develop a standard interface, which will be used by all counties/consortia eligibility systems as the interface between their respective systems and the EBT system. The interface document will define the technical interface, record and/or message formats, data elements, communications protocols, operations procedures, error handling, programming notes and any other information deemed necessary to allow a county to build, install and operate the interface. The Contractor shall develop the interface in accordance with the final version of the interface specifications. This will allow each county to select those interface options deemed most appropriate to that county's needs, while requiring the Contractor to develop the interfaces for the EBT System only once. Each county, in conjunction with its eligibility system vendor, will be responsible for developing the eligibility system interface in accordance with the final specifications. As counties prepare for conversion of their cases, each county will certify its interface, as implemented within the respective eligibility system, to the Contractor's EBT System.

The eligibility system interface will consist of three major components.

- **Standard Batch Eligibility Interface** (required by all counties) – this will be a host-to-host batch interface in which various records, wrapped in a batch header and footer, are transmitted from the eligibility system processor to the EBT system at a minimum of daily and possibly more often. Each record will direct the EBT system to perform certain functions as described in the ITP, such as set up an EBT account, and will provide the necessary data to perform the function. Batch files for each county's batch processing will constitute independent files. These files will be transmitted as available.
- **Standard Host-to-Host Eligibility Interface** – This interface is designed to provide online real time access between local office staff and the EBT system. However, under this implementation, the Contractor will create a real time transaction based link between its system and a county or consortia host system. The county or consortium host system will be responsible for reformatting and forwarding all transaction requests received from the local office to the Contractor system and for receiving replies from the EBT system and returning them to the requesting local office terminal. The primary advantage of this implementation is to leverage existing networks and equipment and to avoid the need for duplicate data entry.
- **Administrative Terminal Interface** – This interface will provide real time on-line access to the EBT system from county office locations and terminals. This interface will effectively be a direct link between the local office terminal within the respective county and the EBT system.

A single county location may choose to use both the host–to-host and the administrative terminal interfaces concurrently. Table 6-1 indicates the preliminary interface options selected for the legacy eligibility systems. Table 6-2 indicates the preliminary interface options selected for the existing or planned SAWS eligibility systems.

Table 6-1: Legacy Eligibility Systems Interface Selections

Legacy System	Interface Selections
WCDS Consortium	• Administrative Terminal • Batch
Riverside County	• Administrative Terminal • Batch
Stanislaus County	• Administrative Terminal • Batch
Ventura County	• Administrative Terminal • Batch

Table 6-2: SAWS Eligibility Systems Interface Selections

SAWS System	Interface Selections
ISAWS	• Host-to-Host • Administrative Terminal • Batch
LEADER	• Host-to-Host • Administrative Terminal • Batch
CalWIN	• Host-to-Host ■ Administrative Terminal ■ Batch
C-IV	• Host-to-Host • Administrative Terminal • Batch

While there is a single, standard interface specification, the specifications will contain some optional functions, which a specific county may or may not choose to implement. Card issuance via mail or over-the-counter is one example.

The Contractor shall provide a test bed (test plan, data, scripts, test processing platform, communications links, staffing) through out the life of the project, to allow individual county/consortium systems to test and certify their interface implementations and to support testing of any changes to county systems as needed. The State shall have responsibility for scheduling the test system with the counties. The Contractor shall provide technical assistance (respond to questions) as necessary to support county/consortium development and testing.

Interfaces shall also be required with the county financial systems (e.g. treasurers and controllers), to provide county financial officers with access to daily settlement account information and data to conduct post audit activities.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.3.2   Telecommunications Network

The Contractor shall provide communications lines of sufficient bandwidth to support traffic and response times to all sites and county and State systems. The Contractor shall provide all telecommunications infrastructure, such as DSUs and routers, to implement the proposed solution.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.3.3   State Interface

The State shall require an interface to the EBT host for administrative terminal access and receipt of redemption, financial and program integrity reports. The contractor shall work with the State in defining hardware, software, and communication protocols. The contractor shall accommodate the State's defined windows of operation and transmittal of reports.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.3.4   Federal Interfaces

The EBT System shall interface with all federal systems required for the operation of the EBT system, (e.g., AMA, ASAP, ALERT, and REDE). The Contractor shall provide administrative terminals and connectivity to the EBT host to the following federal office by the beginning date of pilot operations:

1. FNS Sacramento Field Office
2. FNS Los Angeles Field Office
3. FNS Western Region Office in San Francisco

The Contractor shall also provide administrative terminals and connectivity to the EBT host to the USDA, OIG Regional Office in San Francisco by the beginning date for statewide rollout activities.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.4   Account Setup and Benefit Authorization

The Contractor shall receive and process account setup, benefit authorization and benefit adjustment file transmissions from each county. Account setup information will be provided by the local county offices and transmitted to the Contractor via batch file transmissions and/or on-line processing. The Contractor shall accommodate monthly, daily and immediate account setup and benefit authorization. The Contractor shall always process account setup data before benefit authorization data. All benefit authorization records transmitted from the counties to the Contractor will be categorized according to account type: Food Stamps or cash. The specific file formats, including data elements, field lengths, and number of fields, will be determined by the State and the Contractor during design of the system interfaces. Data elements that are expected to be included in such files are described in the following sections. Bidders shall specify in their responses any additional or alternative data elements necessary to support account setup, benefit authorization, account maintenance, and/or reporting.

In batch transmission mode, batch files will be indicated by the respective batch header and batch trailer records. Immediately upon receipt of a file, the Contractor shall either confirm receipt of a complete and successfully processed file or contact the county or consortium and request retransmission of the file. The Contractor shall confirm receipt of files within thirty (30) minutes of receipt until transmission and receipt have been successfully completed.

To support batch processing, the State, counties and Contractor shall agree to a specific time frame or window during which batch files will be transmitted. However, the Contractor shall be able to accept and process transmissions from counties 24 hours per day, 7 days per week. For monthly account setup and benefit authorization transactions sent in batch mode and received during the agreed upon timeframe, the Contractor shall process the transactions, perform all setup and benefit posting processes, and make benefits available by 5:00 A.M. Pacific Time on the specified benefit availability date. For benefit authorization transmissions, not part of the monthly batch, regardless of when the file is transmitted, the Contractor shall process the file and post benefits within six (6) hours of receipt of the file.

On-line transmission of account setup and benefit authorization transactions shall be used in the event that a county must setup an account or authorize benefits for a client emergency or immediate need. To support on-line transmission of account setup and benefit authorization transactions, the Contractor shall accommodate on-line communications between each county and the Contractor. On-line communications will originate from administrative terminals located

in county offices, or CPU-CPU on-line, real-time through the county eligibility system. Authorization transactions received in on-line mode shall be processed immediately with account setup and benefit posting occurring immediately upon receipt.

The Contractor shall acknowledge receipt of account setup, benefit authorization and benefit adjustment files transmitted from each county. The Contractor shall provide each CWD with a daily electronic report of benefit authorizations, and adjustments, and exceptions.

      Meets Requirement: Yes _____   No _____

      Reference Document: _____Page(s) _____

      Description: _____

6.4.1   Account Structure

Recipients may be eligible to receive benefits from one or more benefit programs. Initially, the EBT system shall be set up to administer Food Stamps, CalWORKs, RCA/ECA and GA/GR. These programs fall into two (2) account types: food stamps and cash. The Contractor shall establish an EBT account for each account type (food stamps or cash) for which a recipient may be eligible. Within an account, the EBT system must distinguish between, track and report on benefits according to benefit program (i.e., Food Stamps, CalWORKs, GA/GR, and any other programs that may be added in the future). The Contractor shall design the EBT account structure to ensure that benefit balances are accurately maintained, account activity can be tracked and reported separately, benefits accessed by recipients are drawn from the appropriate account, and benefit accounts are not overdrawn.

The Bidder shall specify the approach for creating an account structure that encompasses Food Stamps and cash benefits, and can incorporate future additions of benefit programs (e.g., Direct Federal, WIC) on a single card. The specifications must include the approach for linking cards to client accounts and for ensuring that benefits are drawn from the appropriate benefit program and account, and that benefit accounts are not overdrawn.

      Meets Requirement: Yes _____   No _____

      Reference Document: _____Page(s) _____

      Description: _____

6.4.1.1   Order of Draw

Recipients may be eligible to receive benefits from one or more benefit programs. Initially the EBT system will accommodate Food Stamp benefits for all counties and benefits (CalWORKs, GA/GR, RCA/ECA, CAPI) for those counties that choose EBT for cash benefit issuance. The State reserves the right to add other benefit programs in the future. Bidders are, therefore, cautioned to anticipate an EBT account structure that will accommodate a wide range of State and federal

benefit programs. A recipient potentially may be eligible to receive benefits from three categories: day-of-draw cash benefits; pre-funded cash benefits; and day-of-draw food stamp benefits.

Currently, cash benefit programs that are treated as pre-funded benefits are beyond the scope of the EBT system. However, Bidders are required to meet the requirements of this section should the State add programs at a later date.

Cash benefits can be either pre-funded at the beginning of each benefit period (i.e. direct Federal cash benefits), or funded subsequent to the client accessing benefits, known as day-of-draw (i.e. county administered cash benefits). Whether benefits are funded on the day of draw or pre-funded, the balance available to clients for cash withdrawal or balance inquiry shall be the sum of all cash benefits in the cash benefit account. Therefore, when the EBT system reports a cash balance during a balance inquiry or on a cash receipt, the balance will reflect the sum total of all cash benefits available from all cash benefits. However the Contractor shall retain the ability to determine cash benefit balances by program for customer service and administrative purposes.

The Contractor shall assign a primary program designator (PPD) to the required cash benefit programs. When a recipient has benefits from multiple cash programs, the Bidder shall use the PPD to determine the cash benefit program from which funds will be drawn for settlement. Benefits will be drawn according to a program hierarchy that represents the order in which funds will be disbursed and drawn for settlement. The order-of-draw may change if programs and features are added to the EBT system. Therefore, the order-of-draw should be table-driven and easily modifiable. Pre-funded cash benefits, if they later become part of the EBT Project scope, will always be drawn first. Day-of-draw benefits will be drawn when no pre-funded cash benefits remain. Within day-of-draw benefit programs, the order of draw shall be

1. Solely federally funded benefits (RCA/ECA)
2. Jointly federally, State and county funded (CalWORKs with TANF funds)
3. Solely State funded (CAPI)
4. Jointly State and county funded (State only CalWORKs)
5. Solely county funded (GA/GR).

Furthermore, the system shall maintain information about benefit issuance date (including month and year). Benefits shall be drawn on a first-in first-out basis. The system will be capable of reporting this information to the State and counties.

   Meets Requirement: Yes _____ No _____

   Reference Document: _____Page(s) _____

   Description: _____

6.4.2 Account Setup
The Bidder must describe the process through which it will generate benefit account numbers and link them to the counties' case numbering methodologies, which are integral to the counties' eligibility systems.

The Contractor shall receive and process account setup data transmitted by each county. Account setup data includes client case data necessary for the setup of an EBT account. For all cases, other than expedited issuance cases, the county will transmit account setup data prior to the issuance of a card. Account setup data fields shall include, but are not limited to

- Welfare case ID number
- Recipient name (last, first, middle initial)
- Date of birth
- Social Security Number
- Address
- Transaction type identifier (i.e., setup, change account data, or modify account status)
- Recipient code(s) (to indicate if the cardholder is the recipient, AR, etc.)
- Optional recipient identifier
- Location and/or worker identifier

The final list of data elements will be determined between the State and the Contractor during system Design Phase.

The Contractor shall report all account setup exceptions, including but not limited to rejected setup requests and reason for rejection (e.g. duplicate case).

      Meets Requirement: Yes _____   No _____

      Reference Document: _____Page(s) _____

      Description: _____

6.4.2.1 Expedited Account Setup

In the event of immediate recipient need, the county may expedite issuance by setting up an account via the administrative terminal and issuing a card over-the-counter in a county location. The account setup data shall be accessed through an administrative terminal transaction or CPU-CPU on-line real-time through the county's eligibility system. Administrative terminals shall have multiple security levels capable of restricting access to this function.

      Meets Requirement: Yes _____   No _____

      Reference Document: _____Page(s) _____

      Description: _____

6.4.2.2 Multiple Cards per Account

A recipient head of household may designate an Authorized Representative (AR) to have access to the Food Stamp account. A Protective Payee may be designated by the CWD to have exclusive access to the recipient's cash benefit account. The recipient may also request additional cards for one or more adult household members enabling them to access the head of household's Food Stamp and/or cash benefit account. The Contractor's system shall be capable of blocking access to any account at the request of the head of household. Protective Payees shall be blocked from access to the head of household's Food Stamp account. Multiple cards attached to the head of household's account shall have unique primary account number (PAN) and PIN numbers. The Bidder shall specify their approach for linking the multiple cards to the recipient's account.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.4.2.3 Adding Program(s) to an Existing Card

The Contractor shall have the capability to add new benefit program accounts to an existing card. If a recipient with an active card becomes eligible for additional benefit programs included in the EBT system, the Contractor shall provide access to the new benefits using the recipient's existing EBT card.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.4.3 Benefit Authorization

The Contractor shall receive and process benefit authorization records transmitted from each CWD containing each day's authorizations and changes. The Contractor shall process benefit authorizations and post the authorized benefit amounts to the appropriate EBT accounts. Benefit authorization data fields shall include, but are not limited to:

- Welfare case ID number
- Benefit program identifier
- Benefit type
- Benefit amount
- Benefit availability date
- Benefit month and year
- Location and/or worker identifier

The final list of data elements will be determined between the State and the Contractor during the system Design Phase.

An acknowledgement of receipt and reconciliation of the data loaded into the database shall be transmitted to the county on a daily basis. The Contractor shall provide each CWD with a daily electronic report of benefit authorizations, rejections, and reasons for rejections (e.g. duplicate authorization).

> Meets Requirement: Yes _____ No _____
>
> Reference Document: _____ Page(s) _____
>
> Description: _____

6.4.3.1 Benefit Availability Date

For ongoing cases, counties will authorize benefits, at a minimum, once per month. In addition to the monthly benefit authorizations, the counties will transmit daily benefit authorizations to authorize benefits for new accounts and to authorize supplements for existing accounts.

Though the monthly authorization file will be transmitted at one (1) time each month, the actual dates of benefit availability will be staggered. The benefit availability date will be transmitted to the Contractor as part of the benefit authorization file. Food Stamp benefits will be staggered over the first ten (10) calendar days of the month. CalWORKs benefits will be staggered over the first three (3) calendar days of the month. Counties electing to use EBT for GA/GR benefits will be required to stagger issuance over at least three (3) days; however, GA may be staggered over a period longer than three (3) days at the county's discretion.

Fresno County currently authorizes benefits on a different schedule. See Section 3.8 for a discussion of Fresno County's benefit cycling process. Though Fresno is the only county that currently cycles benefits, this option is available to all counties. Any county may change its benefit issuance method during the contract period, as long as it conforms to State requirements for benefit issuance.

> Meets Requirement: Yes _____ No _____
>
> Reference Document: _____ Page(s) _____
>
> Description: _____

6.4.3.2 Benefit Adjustment

The Contractor shall be capable of accepting account adjustments initiated by the county after a benefit authorization file has been transmitted, but before the funds are made available to the recipient. In the event that an adjustment is required, the CWD shall cancel the original benefit authorization, and shall transmit a new benefit authorization with the adjusted benefit amount.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.4.3.3   Emergency/Immediate Need Benefit Authorization

Emergency benefit authorization may occur via an administrative terminal or CPU-CPU on-line real-time through the county's eligibility system. Such transactions shall occur on-line, real-time with benefits available to the recipient immediately. Administrative terminals shall have multiple security levels capable of restricting access to this function.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.4.4   Food Stamp Benefit Conversion

Recipients who leave the EBT Project area may request to have their electronic FSP benefits converted to food stamp coupons. Upon request of the recipient, the CWD will initiate an administrative terminal transaction to convert remaining Food Stamp account balances to food coupons.

County Option: The county shall have the option of storing and converting food coupons in the county or having the Contractor handle food coupon conversion and mail coupons to recipients.

If food coupons are stored locally at the welfare department, then recipients shall receive benefits converted to food coupons within one (1) business day following notice by the recipient. If the coupons are stored at a central location, or mailed by the Contractor, recipients must receive the converted benefits within three (3) business days. This may require the Contractor to mail Food Stamp coupons within one (1) postal day of the transaction initiating the benefit conversion.

The State shall not impose a limit on the number of conversions per household for short-term absences from the EBT Project area.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.5 Recipient Account Maintenance

Upon notification by the county through the setup process, the Contractor shall establish and maintain an account(s) for each recipient. The Contractor shall ensure accurate information regarding recipient demographics, account balances, account activity and account status are maintained.

Meets Requirement: Yes _____   No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.1 Maintain Account Balance

Recipients may be eligible to receive benefits in one or more programs. The Contractor shall ensure that accurate balances are maintained separately for each account. Current account balance shall be available for on-line access via an administrative terminal, balance inquiry at an ATM or POS device, and the ARU.

Meets Requirement: Yes _____   No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.2 Maintain Transaction History

The Contractor shall maintain an on-line rolling ninety (90) day transaction history for each account for access through administrative terminals and the CSC. After ninety (90) days, transaction history data shall be maintained off-line for four (4) years. At a minimum, transaction history information shall include recipient name, PAN, EBT account number, benefit program identifier, transaction type (e.g., FS purchase, FS return), FNS number for FSP transactions, merchant ID, retailer or bank name, transaction location (Regulation E descriptor), transaction amount, transaction date, and itemized transaction fees and/or surcharges.

Up-to-the-minute information regarding cash and food stamp account balances and transaction histories must be available free to the recipient 24 hours per day through the ARU and CSC. Balance information shall also be available, though not necessarily free to the recipient, through any POS or ATM terminals with such capability. CWDs shall have access to recipient account balances and transaction history data through administrative terminals. Recipients shall be able to review the last ten (10) transactions for each program via the ARU. More extensive transaction histories shall be available through the CSC. Upon request of a recipient, the Contractor shall mail a two-month transaction history to the recipient's address within five (5) business days

Upon request of the State or a county, transaction history information stored off-line shall be retrieved in a timeframe agreed upon between the State and the Contractor, not to exceed five (5) business days.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.3 Post Benefits

The county will transmit to the Contractor a benefit authorization file specifying a client's benefit allotment for the month (refer to Section 6.4.3, Benefit Authorization). However, no funds will be transmitted with the authorization file. Rather, benefits will be funded on the day the cardholder draws benefits. Regardless of the timing for funding benefits, for account maintenance purposes, benefit authorizations will be posted as credits to recipient accounts.

During the period in which recipients are eligible for benefits, benefits normally will be authorized for posting to the recipient's account once per month. Benefit authorization data provided by the county will reflect a staggered issuance schedule. Authorized benefits shall be posted for availability by 5:00 A.M. Pacific Time on the designated issuance day.

In addition to monthly batch benefit authorizations, due to changes in recipient status or when new cases are added, benefits may also be authorized throughout the month. The current month's benefit allotment shall be added to any balance remaining in the account at the time of posting. For such benefit authorization transmissions, not part of the monthly batch, the transmission window and availability time shall be agreed upon between the Contractor and each county.

Benefit authorizations for expedited issuance, transmitted to the vendor via an administrative terminal, shall be posted to the appropriate account for availability immediately upon receipt of the authorizing transaction.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

6.5.4 Post Debits

As a result of purchases, cash withdrawals, and fees charged to recipients, debits will be generated for posting to recipients' accounts. The Contractor shall have the capability to capture and post account debits real time as clients perform transactions to ensure that recipient accounts are not overdrawn and that there are sufficient funds to cover all authorized transactions. The

Contractor shall be liable for any funds drawn from an incorrect account or program, and for overdraws of benefit accounts.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.5.5   Hold Funds

Under certain circumstances, a retailer may perform a manual Food Stamp transaction. When manual Food Stamp transactions are performed, the retailer will obtain a voice authorization from the Contractor. The Contractor shall place a hold on funds authorized by voice authorization for up to fifteen (15) calendar days. If the manual transaction is presented for settlement within fifteen (15) calendar days from the date of authorization, the Contractor shall debit the recipient account and settle the transaction. If the manual transaction is not presented within fifteen (15) calendar days, the Contractor shall release the hold on funds and make them available to the recipient.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.5.6   Maintain Account Status

The Contractor shall maintain an account status for each recipient account. An account status may be active, dormant, stale (or inactive), or expunged.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.5.6.1   Active Account Status

Accounts for which ongoing financial transactions initiated by the cardholder are being posted shall be designated as active accounts. (This is for purposes of account status, not for calculating active cases to be billed. See Contract terms for definition of cases to be billed each month.)

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.5.6.2 Dormant Account
Accounts on which no debits have been posted for forty-five (45) to eighty-nine (89) days shall be designated as dormant accounts. The Contractor shall provide a monthly report to each county identifying accounts on which no debits have been posted for forty-five (45) and sixty (60) days. The county shall send a notice to the recipient after sixty (60) days of inactivity, notifying the recipient of when benefits will become inaccessible, and how to re-access benefits. Dormant accounts shall remain available on-line until the ninetieth (90th) day of inactivity.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.5.6.3 Stale (or Inactive) Account Status
When no debits have been posted on a Food Stamp or cash account for ninety (90) days, the account shall default to stale status and may be moved off-line, unless the county requests the account to be maintained on-line in active status. A waiver has been granted allowing the State to use a specific number of days (ninety (90) days instead of three (3) months) for moving benefits off-line. The Contractor shall have the ability to reinstate benefit availability upon notification by the CWD. Such notification by the county shall be possible through the administrative terminal. Benefits shall be reinstated and accessible to the recipient within 24 hours of the county's request. The Contractor shall report to the county the date, benefit amount, and storage location for all stale accounts moved off-line.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.5.6.4 Expunged Accounts
After benefits have been available for the full duration of 90 days on-line and 180 days off-line, they may be expunged. This means that the Food Stamp benefits will be expunged on a monthly basis until the entire account has been expunged. Expunged benefits shall not be reinstated. The Contractor shall transmit an expunged account report to the county indicating food stamp and cash benefits expunged and any remaining benefit balances(s) at the time of expungement.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.5.7 Data Retention
The Contractor shall archive transaction and settlement data in a standard data structure to facilitate fraud detection and investigation, program reviews, and other administrative activities. Historical data shall be made available to Federal, State, and county representatives upon request. Transaction and account information shall be available on-line for a period of ninety (90) days. Data elements stored off-line shall be retained in an electronic format compatible with State and county requirements. After four (4) years, data may be purged. This data may

encompass electronic transaction records, settlement reports, manual voucher forms, CSC call records, statistical reports, and forms. The Contractor may purge data quarterly. The Contractor shall provide the appropriate State and county offices with a monthly report containing a list of items to be destroyed at the next quarterly purge, and the intended method of destruction. The Contractor shall ensure that confidential and sensitive data is destroyed such that there will be no further access to the data by any individual. At the State or county's request, the Contractor shall transfer information or documents that the State or county wishes to retain. The format for transfer of information and/or data shall be specified during the Design Phase.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6   Transaction Processing

The Contractor shall have the capability to receive and process transactions from POS terminals and ATMs. Transactions may be routed through a commercial network or switch, a direct connect, or through a proprietary transaction route where the Contractor acts as acquirer. Transactions shall be processed in accordance with the Quest Operating Rules. The Contractor shall ensure that clients access their Food Stamp accounts only at POS terminals at FNS authorized retailer locations. Cash accounts may be accessed through participating ATMs or POS terminals.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.6.1   Transaction Authorization or Denial

The Contractor shall authorize a transaction only if:

1. The transaction is initiated through a valid terminal, third party processor or network
2. The retailer has a valid FNS authorization number (for Food Stamp transactions)
3. The card authentication value is verified
4. The card status is "active"
5. The client PIN is verified
6. There are sufficient funds in the account to cover the amount of purchase or cash withdrawal and any fees or surcharges that are the cardholder's responsibility

If any one of these conditions is not met, the Contractor shall deny the transaction and transmit a denial message to be printed on the transaction receipt. It is understood that the Contractor cannot validate that a transaction has originated from an authorized terminal if the transaction is routed by a third party processor. In this case the transaction shall be deemed to be from a valid terminal based upon the representation of the third party in accordance with the agreement to participate and to comply with operating rules. The Contractor has an ongoing obligation to

certify, monitor and manage the participation of third party processors to provide confidence in the integrity of third party transactions.

The Contractor shall ensure that a recipient benefit account is not overdrawn and shall assume all liability if an account is overdrawn.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.6.1.1 Merchant Validation

For all Food Stamp transactions the Contractor shall validate that the transactions originated at an FNS authorized retailer (refer to Food Stamp Retailer Management, Section 6.10.3). The FNS retailer authorization number shall be included in the Food Stamp transaction message.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.6.2 Transaction Sets

When a transaction authorization request is received, the Contractor shall determine and record the transaction type. The Contractor shall also determine the fee structure and payee for all transactions. The Contractor shall, at a minimum, support the following POS, ATM, exception, and administrative transaction sets.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.6.2.1 POS Food Stamp Program Transactions

No fees may be imposed on recipients for any Food Stamp Program transactions. The Contractor shall support the following transactions.

6.6.2.1.1 Food Stamp Purchase

The EBT System shall support purchase transactions at FNS authorized retailers.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.1.2 Food Stamp Merchandise Refund

A merchandise credit request may be initiated to credit a cardholder's account for an original Food Stamp transaction. The Contractor shall credit a Food Stamp merchandise refund only to

the cardholder's Food Stamp account. Upon receiving a request for authorization of a Food Stamp merchandise return, the Contractor shall credit the amount to the recipient's Food Stamp account and provide a receipt reflecting the adjusted balance.

Meets Requirement: Yes _____   No _____

Description (if any): _____

6.6.2.1.3 Balance Inquiry from Food Stamp Account

The Contractor shall support balance inquiries initiated at a POS. However, the Contractor is not required to provide POS devices solely for the purpose of balance inquiry. Retailers may provide balance inquiry devices at their own expense, if they choose to do so.

Meets Requirement: Yes _____   No _____

Description (if any): _____

6.6.2.1.4 Manual Food Stamp Transactions (Paper Sales or Credit Draft)

Manual transactions shall be supported only for FSP transactions. The Contractor shall provide a voice authorization system for the approval of manual FSP transactions. The retailer shall use a paper sales draft in conjunction with a telephone authorization in the event that the retailer's system (terminal, magnetic stripe reader, or PIN pad) is inoperative, a problem with a third party processor occurs, or the retailer does not have access to a POS device. Upon providing a telephone authorization for a Food Stamp transaction, the Contractor shall put a hold on the authorized funds in the cardholder's account. For settlement, the manual transaction must be presented to the Contractor with a paper sales draft or an electronically converted sales draft within fifteen (15) calendar days.

In some cases the retailer may initiate a manual FSP transaction without prior telephone authorization. The Contractor shall support manual FSP transactions that are initiated and transmitted without prior telephone authorization. However, retailers conduct such transactions at their own risk. The Contractor is not liable for these transactions if they are denied due to insufficient funds. If the funds are available, the Contractor shall authorize and settle the transactions. Re-presentation of denied transactions is not allowed.

Meets Requirement: Yes _____   No _____

Description (if any): _____

6.6.2.1.5 Store and Forward Transactions

Store and Forward transactions shall be supported only for FSP transactions. The EBT-only terminals deployed by the Contractor are not required to support Store and Forward. If at any time an FNS authorized retailer is unable electronically to communicate with the Contractor's

system, the retailer may electronically store and forward a FSP transaction, provided that the cardholder's PIN is stored only in an encrypted format. Retailers conduct such transactions at their own risk, unless the transactions occur during a downtime period when the Contractor is contractually liable up to the floor limit. Under all other circumstances, the Contractor is not liable for these transactions if they are denied due to insufficient funds or incorrect PIN. If the funds are available, the Contractor shall authorize and settle the transactions. Re-presentation of denied transactions is not allowed.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.1.6 Electronically Converted Manual Food Stamp Transactions

The Contractor shall support the processing and settlement of authorized manual FSP transactions that have been converted to an electronic format acceptable to the Contractor and initiated and transmitted to the Contractor within fifteen (15) days of the telephone authorization.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.1.7 Denials

Transactions shall be denied if they do not meet the criteria listed in Section 6.6.1, Transaction Authorization or Denial. Transaction response shall include the reason for denial. Only in the event of denial due to insufficient funds shall the transaction response include the available balance.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.2 POS Cash Transactions
Unless specifically noted, the Contractor may not charge a fee to recipients for POS cash transactions.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.2.1 Purchase from Cash Account

The EBT System shall support purchase transactions at participating acquirers.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.2.2 Purchase with Cash Back from Cash Account

The Contractor may not impose a limit on the amount of cash back per POS transaction. However, the POS acquirer may place restrictions based upon store policy.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.2.3 Cash Only from Cash Account

The Contractor may not impose a limit on the amount of cash withdrawal per POS transaction. However, the POS acquirer may place restrictions based upon store policy. The State is not responsible for any surcharges imposed by POS acquirers for cash-only transactions. **The Contractor may charge the account a fee for cash withdrawal transactions at a POS after the first four per case per month. The Bidder shall specify if the account shall be charged a fee for cash withdrawal transactions after the first four per case per month. The amount of any such fee shall be specified in Section 7, Schedule 8.**

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.2.4 Pre-authorized Transaction from Cash Account

Pre-authorized transactions are permitted only on cash accounts. The Contractor shall debit the cardholder's cash account for a pre-authorization transaction. If the amount of the completion exceeds the amount of the pre-authorization, the Contractor is liable for and must settle only the pre-authorized amount. Completion messages received later than two (2) hours after the pre-authorization request shall be settled only if sufficient funds are available in the cardholder's cash account. (Refer to Quest Operating Rules).

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.2.5 Balance Inquiry from Cash Account

The Contractor shall support balance inquiries initiated at a POS. However, the Contractor is not required to provide POS devices solely for the purpose of balance inquiry. Retailers may provide balance inquiry devices at their own expense, if they choose to do so.

Meets Requirement: Yes _____ No _____

Description (if any):_____

6.6.2.2.6 Denials

Transactions shall be denied if they do not meet the criteria listed in Section 6.6.1, Transaction Authorization or Denial. Transaction response shall include the reason for denial. Only in the event of denial due to insufficient funds shall the transaction response include the available balance.

Meets Requirement: Yes _____ No _____

Description (if any):_____

6.6.2.3 ATM Transactions

The following ATM transactions shall be supported. **The Contractor may charge a fee to recipients for ATM transactions as described below.**

Meets Requirement: Yes _____ No _____

Description (if any):_____

6.6.2.3.1 Withdrawal from Cash Account

An ATM acquirer accepting the EBT card may not impose a minimum transaction limitation greater than $20 or a maximum transaction limitation less than $200 per transaction. If the ATM is physically capable of printing an available balance after a transaction, the ATM shall print the available balance.

The State will not be responsible for any surcharges imposed by an ATM acquirer. Any surcharges will be the responsibility of the recipient.

The Contractor may charge the account for ATM withdrawal transactions after the first four cash withdrawal transactions per case per month. The amount of any such fee shall be specified in Section 7, Schedule 8.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.3.2 Balance Inquiry from Cash Account

The Contractor may charge the recipient a fee for any balance inquiry transactions conducted at an ATM. The State will not be responsible for any fees for such transactions. The State supports recipients' use of the ARU for balance inquiries. **The Bidder shall specify any fee to be charged to recipients for ATM balance inquiries in the Section 7, Schedule 8.**

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.3.3 Denials

Transactions shall be denied if they do not meet the criteria listed in Section 6.6.1, Transaction Authorization or Denial. Transaction response shall include the reason for denial. Only in the event of denial due to insufficient funds shall the transaction response include the available balance (if the ATM is capable of printing available balance on the receipt). **Recipients may not be charged a fee by the processor for denied transactions conducted at ATMs.**

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.4 Exception Transactions

6.6.2.4.1 Transaction Adjustments

A transaction adjustment is initiated by an acquirer to correct an out-of-balance condition identified during the terminal, retailer or acquirer reconciliation process. The adjustment shall reference a settled original transaction that is partially or completely erroneous. The Contractor shall have the capability to process such adjustments and adjust the recipient's account balance. Adjustments on Food Stamp Program transactions shall be governed by FNS regulations pertaining to adjustments. Quest Operating Rules shall govern adjustments on cash program transactions. Adjustments that affect recipients' accounts must comply with Federal and State noticing requirements.

Meets Requirement: Yes _____   No _____

Description (if any):_____

6.6.2.4.2 Chargebacks

The Contractor shall manage chargebacks in accordance with Quest Operating Rules and as provided for by error resolution procedures to be developed in accordance with Section 6.11.2.4.

Meets Requirement: Yes _____ No _____

Description (if any):_____

6.6.2.4.3 Reversals/Cancellations

A transaction may be reversed or canceled. At an ATM, the cardholder may cancel a transaction. At a POS, the merchant will transmit the trace number and the exact dollar amount of the original transaction. The Contractor shall have the capability to accurately process the reversal/cancellation transaction and appropriately adjust the recipient's account balance.

Each ATM operator must be able to initiate reversals and partial reversals at the ATMs it drives.

Meets Requirement: Yes _____ No _____

Description (if any):_____

6.6.2.4.4 Resubmission of Denied Manual Food Stamp Transactions

If the Contractor denies a manual Food Stamp transaction or Store and Forward transaction due to an error in message format, the Contractor shall allow the resubmission of such transactions during the same calendar month in which the transaction was originally completed. Resubmissions are not allowed if the transaction was denied due to invalid PIN or insufficient funds.

Meets Requirement: Yes _____ No _____

Description (if any):_____

6.6.2.4.5 Re-presentation

The State will not permit re-presentation of denied transactions, as re-presentation is defined by Federal regulation 7 CFR 274.12 (l).

Meets Requirement: Yes _____ No _____

Description (if any):_____

6.6.2.5   Administrative Transactions

In addition to ATM and retail POS transaction functionality, the Contractor shall support administrative transaction functionality. Transactions that originate at administrative terminals for on-line transmission to the EBT host are subject to a requirement for two-second EBT host machine throughput for transaction processing, on average. The Bidder shall identify transactions that require extensive data searches that cannot be accomplished within the two-second requirement. The Bidder shall propose a reasonable response time for these transactions. The State may approve exclusion of such transactions from the two-second requirement if the Bidder has demonstrated the need for exclusion to the satisfaction of the State. In no event shall the response time for any transaction exceed fifteen (15) seconds. At a minimum, the administrative transaction set that must be supported includes:

- Account setup
- Update account information
- Add program to an existing card
- Add additional cardholders to existing accounts
- Benefit authorization/cancellation
- Card issuance/activation
- Card replacement
- Recipient PIN selection
- Food coupon conversion
- Status the EBT card as lost or stolen
- Recipient account inquiry (including real-time balance by program)
- Reactivation of inactive accounts
- Debit a food stamp or cash account to pay a replacement card fee
- Voluntary claims repayment

The Contractor shall provide, install and maintain administrative terminal/POS application hardware, software and communication protocols to the State, county offices, and the FNS Regional Office. This shall include terminals for fraud investigators.

For each type of equipment to be deployed, the Bidder shall specify the minimum hardware and software requirements to support the required functionality. The Bidder shall provide administrative terminals that provide the State with performance specifications representing state of the art capacity and functionality. In the event that during the contract, equipment is discontinued or the system has functions that require equipment that has capabilities that exceed the capabilities of the equipment initially being deployed, the Contractor, with the written approval of the State, shall supply replacement equipment at a cost that does not exceed the cost of the proposed equipment. The Contractor shall not be required to replace deployed equipment that is fully operational..

The Contractor shall also supply administrative function software and communication protocols so that administrative transactions may be initiated from government-owned terminals or PCs. There shall be no additional cost for administrative function software provided to run without modification on existing terminal equipment.

Administrative terminal functionality shall include multi-level access controls to ensure that only authorized individuals process administrative transactions or access client account information through administrative terminals. Bidders must clearly explain their Proposal to provide administrative terminal functionality, including multi-level application access control, and must specify the hardware (terminals or other POS terminal configuration) and software that is necessary to support this function. Reports on transactions that originate at administrative terminals must identify the user ID for the transaction.

> Meets Requirement: Yes _____   No _____
>
> Reference Document: _____ Page(s) _____
>
> Description: _____

6.6.3 Interoperability

6.6.3.1 Interstate Interoperability

The State is interested in achieving interoperability with other states. In accordance with the Quest Operating Rules, the Contractor shall establish telecommunications links, transaction switching facilities and any other arrangements with other Quest issuers necessary for the routing of interoperable transactions to such other issuers, and for facilitating the settlement of such interoperable transactions. In response to this section, the Bidder shall describe its approach to achieving interoperability and ensuring that FNS merchant authorization is validated for every FSP transaction.

The Contractor shall route a transaction initiated in California by a non-California card through a commercial switch to the appropriate issuer for authorization. If the transaction originates at a retailer, acquirer or ATM that is directly connected to the Contractor's processor, the Contractor shall have the capability to switch the transaction to the appropriate issuer. The State shall not be responsible for any transaction fees associated with switching out-of-state transactions to the appropriate issuer.

The State does not wish to restrict California recipients' ability to access their Food Stamp or cash accounts outside of the state. Therefore, if a recipient conducts a transaction outside the project area, the POS or ATM transaction will be routed from a commercial switch to the Contractor for authorization. Or the transaction may be routed directly if a direct connect exists between the two processors.

The Contractor shall have the capability to track and report on transactions conducted out-of-state by California cardholders.

The EBT system shall prohibit access to any Food Stamp benefits beyond United States borders.

    Meets Requirement: Yes _____   No _____

    Reference Document: _____Page(s) _____

    Description: _____

6.6.3.2 Interoperability Within California

California cardholders shall be able to use their EBT card anywhere within California, including San Bernardino County and San Diego County. Likewise, recipients from those two counties shall be able to access their benefits at any FNS authorized retailer in the State. The Contractor shall ensure that such interoperability exists within the State. Each issuer shall be responsible for any interchange fees associated with such interoperability. In response to this section, the Bidder shall describe how it will ensure intrastate interoperability, particularly interoperability between Quest areas and non-Quest areas (i.e., San Bernardino and San Diego), including any problems, limitations and/or liabilities.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.6.4 Transaction Messaging

The Contractor shall use the ANSI 9510 Draft Standards for Trial Use (DSTU) specifications, which are based on the ISO 8583 specifications for financial transaction messages. Message format shall comply with Federal regulations and Quest Operating Rules.

Meets Requirement: Yes _____   No _____

Description (if any): _____

6.6.5 Transaction Processing Performance Standards

Per FNS regulations, the Contractor shall maintain an accuracy standard of no more than two (2) errors per 10,000 transactions processed.

For leased lines, 98% of EBT transactions shall be processed within 10 seconds, and all EBT transactions shall be processed within fifteen (15) seconds. For dial-up systems, 95% of the EBT transactions shall be processed within fifteen (15) seconds, and all EBT transactions shall be processed within 20 seconds. Processing response time shall be measured at the POS terminal from the time the "enter" key is pressed to the receipt and display of authorization or denial information.

The Contractor shall monitor the overall performance of the EBT network. The Contractor shall also monitor disk, CPU, DASD, ARU, and direct-connect terminal usage. The Contractor shall provide details for resource forecasting and demonstrate performance monitoring tools and reports to the State prior to EBT operations. The Contractor shall provide performance-monitoring reports and projected areas for upgrades to federal, State and county representatives upon request. "The State shall review the Contractor's performance and the overall performance of the network. The Contractor shall install monitoring tools that accurately report the performance of the transaction processing platform and the performance of the gateway.

The State recognizes that the Contractor cannot directly control the performance and behavior of TPPs and networks. However, the Contractor shall be responsible for managing the overall performance of the EBT system. This means that the Contractor shall work with any TPP or network that may be identified as contributing to poor performance in an effort to identify the problem and initiate corrective action. The Contractor shall promptly inform the State of any performance issues and recommended corrective action. The State shall have approval over any decision to decertify a TPP or network that is determined to be incapable of maintaining acceptable performance.

The Contractor shall insure that networks and third party processors are capable of meeting federal performance standards. The Contractor shall make this determination at the time of certification, and shall not certify a network or third party processor that can not demonstrate ability to meet federal performance standards.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.6.6   Transaction and Fee Accounting

In processing transactions, the Contractor shall maintain the integrity of the system by accounting for transactions by program and accounting for transaction fees. The Contractor shall track the total number of transactions by transaction type and by retailer.

A general ledger account for each benefit program and each recipient account shall be maintained. Changes in recipient account balances shall be balanced to changes in program benefit obligations outstanding at the end of each 24-hour processing cycle. The changes in program and recipient account balances shall balance to the value of the day's transactions. The system must also be reconciled at the county level.

The Contractor shall track and account for recipient-paid transaction fees on a monthly basis. Fees that are the recipient's responsibility shall be deducted from the appropriate account at the time of the transaction.

Recipients may not be charged a fee for any Food Stamp transactions. Recipients also may not be charged a transaction fee for the first four (4) cash withdrawal transactions per case per month, as described in the Cash Access Plan. Fees may only be imposed on the recipient by the processor for the types of transactions listed below. The actual fees to be charged must not be shown in this section. The fees shall be shown in the appropriate table in Section 7.

- Cash withdrawal at POS after the first four cash withdrawals per month
- Cash withdrawal at ATM after the first four cash withdrawals per month
- Balance inquiry at ATM

The counter that tracks when the Contractor may charge a fee shall not increment for reversed, denied or voided transactions. The counter may increment for partial reversals.

Meets Requirement: Yes _____   No _____

Reference Document: _____Page(s) _____

Description: _____

6.7   Card Specifications

The EBT card shall provide on-line access to client accounts via a plastic benefit access card with a magnetic stripe that allows clients to access benefits through electronic transaction processing. The Contractor shall provide card design and production services for the EBT card.